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July 8, 2025

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US BANKRUPTCY COURT  
DISTRICT OF DELAWARE

Honorable Judge Karen B. Owens

United States Bankruptcy Court

District of Delaware

824 North Market Street, 3rd Floor

Wilmington, Delaware 19801

USA

RE: Objection to the Motion of the FTX Recovery Trust to Implement  
Restricted Jurisdiction Procedures (D.I. 31148)

In re: FTX Trading Ltd., et al., Case No. 22-11068 (KBO)

Dear Judge Owens:

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:  
FTX Trading Ltd., et al.,  
Debtors.

Chapter 11  
Case No. 22-11068 (KBO)  
(Jointly Administered)

OBJECTION TO MOTION OF FTX RECOVERY TRUST TO IMPLEMENT RESTRICTED  
JURISDICTION PROCEDURES (D.I. 31148)

I am a Chinese mainland citizen and a creditor in the FTX bankruptcy case, having previously used the FTX platform. My Unique Customer ID is [6979333] and my Schedule Number is [5579425]. I was drawn to FTX because it offered USD deposit interest rates exceeding 5%, significantly higher than those available through the Hong Kong banks I had used. FTX's operating presence in Hong Kong for an extended period further contributed to its perceived legitimacy and accessibility.

I deposited a substantial portion of my personal savings into the platform solely to earn interest on USD deposits. I did not purchase or trade cryptocurrencies on the platform. My understanding at the time was that FTX, like Interactive Brokers or other U.S.-based financial platforms, offered USD interest-bearing accounts even for users who were not active traders.

After the platform's bankruptcy, I completed all KYC and tax form requirements. Under the confirmed reorganization plan, I expected to receive repayment via wire transfer or stablecoin, and based on that structure, I voted in favor of the plan.

The claim I hold is denominated in U.S. dollars, and there is no law in Mainland China that prohibits its citizens from receiving U.S. dollar repayments from a foreign bankruptcy proceeding. The use of stablecoins is merely one of several distribution options selected by the FTX Recovery Trust—not a legal necessity. If the FTX Recovery Trust harbors legal concerns about using stablecoins in certain jurisdictions, it can and should propose alternative channels, such as international wire transfers, rather than seek to forfeit the claims of an entire category of creditors based solely on geography.

As described in paragraph 6 of the Motion (D.I. 31148), such designation shall preclude any distribution and result in full forfeiture of creditor claims if

uncontested: "...any interest in such Distribution shall revert in the FTX Recovery Trust." The Motion seeks this outcome based solely on a non-binding legal opinion procured unilaterally by the FTX Recovery Trust and without any factual finding by this Court.

Notably, other major bankruptcy cases such as Mt. Gox and Celsius did not deny repayment to Chinese or international creditors out of concern for payout methods. Despite similar concerns about global crypto regulation, those estates fulfilled their repayment obligations without resorting to blanket disqualification or forfeiture mechanisms. The current proposal by the FTX Recovery Trust departs from this standard of fair and lawful treatment.

If this Motion is approved, even permitting claim transfers would not be a fair solution. It would force affected creditors to sell their claims at a discount, while claim buyers—who are not subject to court oversight—would receive full recoveries. This creates an unregulated secondary market where harmed creditors are pressured to exit, while speculators benefit. Such an outcome would compound the damage suffered by creditors and runs contrary to the principles of fairness and equitable treatment.

The Motion also suggests that the FTX Recovery Trust or its agents could face criminal liability in China if they distribute funds to claimants residing there. However, this concern lacks any concrete legal basis. The distributions will originate from U.S.-based entities and be made in U.S. dollars, through methods such as bank transfers or stablecoins. There is no known precedent or regulation in China that imposes liability—civil or criminal—on a foreign trust or payment processor for lawfully repaying debt. No such risk materialized in comparable bankruptcy cases, including Mt. Gox, Celsius, or BlockFi, all of which made fiat payments to creditors in China and elsewhere.

More fundamentally, the proposed blanket exclusion of Chinese creditors amounts to discriminatory treatment. To retroactively exclude one group based solely on their country of origin—without any individualized review or opt-out mechanism—violates basic principles of contractual equity and the Plan's stated goal of maximizing fair recoveries for all creditors.

Denying payment not because of legal prohibition but because of political or compliance ambiguity sets a dangerous precedent and undermines the legitimacy of this reorganization. It punishes those who have already suffered losses and complied fully with every requirement under the Plan.

Accordingly, I respectfully request that the Court deny the Motion.

**CERTIFICATE OF SERVICE**

I, Haichuan Shang, hereby certify that on July 8, 2025, I caused a copy of the foregoing Objection to the Motion of the FTX Recovery Trust to Implement Restricted Jurisdiction Procedures to be served via electronic mail upon the following parties:

Sullivan & Cromwell LLP

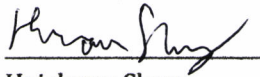
- James L. Bromley – bromleyj@sullcrom.com
- Alexa J. Kranzley – kranzleya@sullcrom.com
- Andrew G. Dietderich – dietdericha@sullcrom.com
- Brian D. Glueckstein – gluecksteinb@sullcrom.com

Landis Rath & Cobb LLP

- Adam G. Landis – landis@lrclaw.com
- Kimberly A. Brown – brown@lrclaw.com
- Matthew R. Pierce – pierce@lrclaw.com

I certify under penalty of perjury that the foregoing is true and correct.

Dated: July 8, 2025

  
Haichuan Shang

July 8, 2025



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District of Delaware

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Wilmington, Delaware 19801

USA

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